

Monthly Bulletin

California Department of Business Oversight



Volume 3, Number 12

July 2016



FY 2016-17 Assessment for Financial Institutions

The DBO has mailed annual assessment invoices for FY 2016-17 to state-chartered banks and credit unions and other financial institutions. Assessments are due in August, with more time allowed for payments made via electronic funds transfers (EFT).

Following is assessment information for various types of financial institutions:

Commercial Banks, Foreign Banks and Trust Companies: The base rate was set at \$1.39 per \$1,000 of assets, the same as last year's rate. Invoices were mailed on July 1. Non-EFT payments are due by Aug. 1. EFT payments are due no later than Aug. 8.

Credit Unions: The 2016-17 assessment rate was set at \$0.83 per \$1,000 of assets, an increase of \$0.05 from last year's rate. Invoices were mailed on July 5. Non-EFT payments are due by Aug. 5. EFT payments are due no later than Aug. 12.

Industrial Banks: The 2016-17 assessment rate was set at \$1.39 per \$1,000 of assets, the same as last year's rate. Invoices were mailed on July 1. Non-EFT payments are due by Aug. 1. EFT payments are due no later than Aug. 8.

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Money Transmitters: The 2016-17 assessment rate was set at \$0.01 per \$1,000 of money received for transmission by a licensee in calendar year 2014. That's a decrease of \$0.02 from last year's rate. The 2016-17 assessment rate for issuers of travelers checks and payment instruments was set at \$0.63 per \$1,000 of total payment instruments and stored value sold by the licensee, the same as last year's rate. Invoices were mailed on July 5. Non-EFT payments are due by Aug. 5. EFT payments are due no later than Aug. 12.

More information about the assessment calculations for non-money transmitter institutions can be found on the DBO website's [Assessment Calculator page](#).



2015 Annual Report for California Finance Lenders Law Now Posted

DBO has published the [2015 Annual Report](#) for the California Finance Lenders Law (CFL). The annual report of licensees under the CFL is a composite of annual reports submitted by lender and broker licensees for the calendar year ended December 31, 2015. Licensees' annual reports are submitted in accordance with [Financial Code sections 22159\(a\)](#) and [22160](#).

As noted in a [press release](#) issued by DBO, the combined dollar amount of installment consumer loans made by non-banks in California grew almost 50 percent in 2015. Another significant finding: More than half of borrowers in the highest-volume category of loans (\$2,500 to \$4,999) paid annual percentage rates of 100 percent or higher.

The combined principal of non-payday consumer loans made by firms licensed under the CFL totaled \$34.1 billion in 2015, up 48.7 percent from \$22.9 billion in 2014. The number of such loans increased 25.6 percent over the same period, to roughly 1.4 million last year.

"The good news is the increased lending activity reflects continued improvement in California's economic health," said DBO Commissioner Jan Lynn Owen. "Less heartening is the data that show hundreds of thousands of borrowers facing triple-digit APRs. We will continue to work with policymakers and hope they find the report helpful as they consider reforms of California's small-dollar loan market."



Payday Lending Annual Report and Industry Survey Now Available

For the first time, responses to the annual report and industry survey have been consolidated into a [2016 Summary Report](#) for the California Deferred Deposit Transaction Law (CDDTL).

The annual report of licensees under the CDDTL is a composite of annual reports submitted by DBO-licensed deferred deposit originators for the calendar year ended December 31, 2015. Licensees' annual reports were submitted in accordance with [Financial Code section 23026](#).

A DBO [press release](#) noted the number of payday loans made in 2015 dropped 1.17 percent from 2014, to roughly 12.3 million. The aggregate dollar amount of transactions increased by 23.51 percent over the period, to about \$4.2 billion. The average number of transactions per customer declined in 2015, to 6.5 from 6.82 in 2014.

The number of customers in 2015 who obtained 10 payday loans totaled 462,334, according to the industry survey. That was 42.7 percent more than the 323,870 customers who made only one transaction. Those numbers are based on survey responses from 216 of 252 licensees.

As of Dec. 31, 2015, the DBO supervised 252 payday loan licensees at 1,969 licensed locations. The number of licensed locations was down 4.57 percent from 2014 and 18.06 percent from 2007, according to the report.



First-Ever Annual Report for California Residential Mortgage Lender Act Now Available

DBO has published the first-ever [Annual Report for the Operation of Lenders and Servicers Licensed under the California Residential Mortgage Lending Act](#) (CRMLA).

The 2015 CRMLA report compiles data submitted pursuant to [Financial Code Section 50307\(a\)](#). The report covers licensees' lending and servicing activities during the calendar year ended Dec. 31, 2015.

As noted in a [press release](#) issued by DBO, mortgage lending by non-banks in California increased substantially in 2015, measured both in volume and principal amount. Licensed lenders originated 537,757 mortgages in 2015, up 47.3 percent from 2014's total of 365,045, according to the data. The aggregate principal for mortgages originated in 2015 grew 56.7 percent from 2014, to \$179.3 billion from \$114.4 billion.

On the servicing side, the aggregate average principal amount of loans serviced by licensees each month increased 7.4 percent in 2015, to \$766.2 billion from \$713.1 billion in 2014. Licensees reported completing 16,246 foreclosures in 2015, down 3.6 percent from the 2014 total of 16,853.



39th Annual Executive Officer and Director Compensation Survey

The DBO last week began collecting data for the 39th Annual Executive Officer and Director Compensation Survey from state-chartered bank licensees, national banks and federal savings banks. The report will provide data as of June 30, 2016.

DBO state bank licensees received an email at their designated email address with a unique link to a secure website where they can complete the survey online. National banks and federal savings banks will receive a letter with instructions on how to participate. Results are available for the [38th Annual Executive Officer and Director Compensation Survey](#), as of June 30, 2015.



Escrow Advisory Committee Has Three Openings

The DBO's Escrow Advisory Committee has three vacancies. The openings must be filled by representatives from a small-size escrow company, an escrow company that has a different type of business ownership, and a certified public accountant (CPA) with escrow agent clients.

The Committee, established pursuant to [Financial Code section 17214](#), is charged with helping the Commissioner perform duties under the Escrow Law.

The Committee is comprised of 11 members, including the Commissioner or the Commissioner's designee. The Commissioner appoints the other members, except for those representing Escrow Institute of California and Escrow Agents' Fidelity Corporation.

Appointed members serve for a period of two years without compensation or reimbursement for expenses. The Committee meets quarterly at the DBO's Los Angeles office on 4th Street. The next meeting is tentatively scheduled for Sept. 13. For more information, contact Richard Malme at Richard.Malme@dbo.ca.gov or (213) 576-7595.



State Water Conservation Grows to 28 Percent in May as Drought Persists

The State Water Resources Control Board reports that Californians reduced residential water use by 28 percent in May, compared with the same month in 2013. Cumulatively, local water suppliers have saved 1.6 million acre feet in the 12 months since mandatory conservation goals began – enough water to supply eight million people for a year.

Although new regulations taking effect in June give local water suppliers more autonomy to set their own conservation goals based on local supply conditions, the State Water Resources Control Board said it expects those suppliers to continue to make water conservation a top priority as California enters the summer months, when the opportunity for water savings is greatest.

The recently adopted regulations also continues the statewide ban on specific wasteful uses, such as hosing off sidewalks, driveways and other hardscapes,



and watering lawns in a manner that causes runoff. Prohibitions also remain against homeowner associations or local governments taking action against homeowners who reduce or stop lawn watering. For more information on the drought and conservation programs, go to www.drought.ca.gov.

Commercial Bank Activity**New Bank**

Blue Gate Bank
611 Anton Boulevard, Costa Mesa, Orange County
Correspondent: Gary Steven Findley
Gary Steven Findley & Associates
3808 E. La Palma Avenue, Anaheim, CA 92807
714-630-7136
Approved: 6/30/16

Merger

California Republic Bank, Irvine, to merge with and into Mechanics Bank, Walnut Creek
Filed: 5/25/16

Pan American Bank, Los Angeles, to merge with and into beneficial state bank, Oakland
Effectuated: 6/17/16

Sierra Vista Bank, Folsom, to merge with and into Central Valley Community Bank, Fresno
Filed: 5/31/16

Acquisition of Control

CBBC Bancorp, to acquire control of Community Business Bank
Filed: 6/2/16

Patriot Financial Partners, GP, L.P., Patriot Financial Partners, L.P., Patriot Financial Partners Parallel, L.P., Patriot Financial Partners GP, LLC, Patriot Financial Manager LLC, Patriot Financial Manager, L.P., to acquire control of Heritage Commerce Corp.
Filed: 6/16/16

Sang Young Lee and Chun Young Lee, to acquire control of Pacific City Bank
Filed: 6/15/16

Sale of Partial Business Unit

Opus Bank, Irvine, to sell the banking business of the La Quinta branch to Bank of Southern California, N.A., San Diego
Filed: 5/20/16

Trust Company Activity

New Trust Company

Bay Area Trust
Downtown Palo Alto, Palo Alto, Santa Clara County
Filed: 6/9/16

Credit Union Activity

Merger

Faith Based Federal Credit Union, Oceanside, to merge with and into Pacific Marine Credit Union, Oceanside
Approved: 6/7/16
Effectuated: 6/7/16

Union Oil Santa Fe Springs Employees Federal Credit Union, Brea, to merge with and into Credit Union of Southern California, Whittier
Approved: 6/1/16
Effectuated: 6/1/16

Conversion to State Charter

Glendale Area Schools Federal Credit Union, Glendale, to convert to a state-chartered credit union under the name Glendale Area Schools Credit Union
Approved: 6/1/16
Effectuated: 6/1/16

Foreign (Other Nation) Bank Activity

Discontinuance of Office

Taipei Fubon Commercial Bank Co., Ltd.
17800 Castleton Street, City of Industry, Los Angeles County (Wholesale branch)
Approved: 6/13/16
Discontinued: 6/29/16

Change of Name

Bank SinoPac, to change its name to Bank SinoPac Co., Ltd. (Wholesale branch)
Effectuated: 5/17/16

Money Transmitter Activity

New Money Transmitter

Circle Payments, LLC
Approved: 4/11/16

Stripe Payments Company
Opened: 6/27/16

TransferWise Inc.
Approved: 6/1/16

Yapstone, Inc.
Filed: 6/22/16

Acquisition of Control

Interwire Topco, LLC, to acquire control of Intermex Wire Transfer Corp.
Approved: 6/1/16

TKC Holdings, Inc., to acquire control of Keefe Commissary Network, LLC
Filed: 6/8/16

JAN LYNN OWEN

Commissioner of Business Oversight



The July 2016 *Monthly Bulletin* covers the month ended June 30, 2016. It is issued pursuant to Financial Code section 376.
The *Monthly Bulletin* is available without charge via e-mail. To subscribe, go to: <http://www.dbo.ca.gov/Resources/subscription.asp>.